



**2015/16 TO 2017/18
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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MAYOR'S FOREWORD

We have come with an IDP that marks the beginning of a new era, an epoch of hope, inspiration, rejuvenation and accelerated development.

It has come at a time when both the National and Provincial Departments under the leadership of the President of the Republic; the Honorable JG Zuma have expressed an intent, through the KSD Presidential Intervention, National Development Plan (NDP), Provincial Development Plan (PDP), and National together with the Provincial budgets to make a decisive intervention in the realisation of the aspirations of the King Sabata Dalindyebo Municipality (KSD).

This has brought about a shower of opportunities both to the strengthening of our governance and the creation of a conducive environment for the development of our communities. In addition to outlining what we plan to do in text few years ahead of the local elections to help soon, we also have had to simultaneously, tabulate how we intend to monitor ourselves on performance, so that we can quickly identify those areas that we might feel that there is under-performance and come up with measures to rectify such.

The municipality still remains committed and continues to pursue the following development points:

- Mqanduli as an Agricultural node,
- Vidgesville as a Logistics Hub,
- Mthatha as a manufacturing and Services Hub; and
- KwaTshezi as a Tourist and Conferencing Hub.
- Improved Basic Services and Infrastructure Development
- Enforce by-laws to ensure clean governance and fight fraud and corruption
- Revenues regeneration

Furthermore, the introduction of Spatial Planning and Land Use management Act (SPLUMA) will assist the municipality together with its traditional authorities to be able to plan about the utilisation of land (space) in a specialized and planned manner.

We will dedicate all financial, intellectual and human resources to secure the realisation of this noble goal.

We further have the duty to restore the Good Name of this Municipality. Our IDP attempts to outline plans on how to ensure accountability to the Electorate in a bid to achieve Clean Governance.

These ideals, we can achieve united, in the spirit to honour the fallen heroes who fought for our freedom.

I take this opportunity to thank fellow Councillors, Stakeholders, Sector Departments and the People of King Sabata Dalindyebo in general for their dedicated contribution to this process.

I have the honour to present to you the first draft of the 2015/16 Integrated Development Planning (IDP).

I thank you

1.2 Council Resolutions

On the 31 March 2015 the Council of King Sabata Dalindyebo Local Municipality met in the Council Chambers of King Sabata Dalindyebo Hall to consider the draft annual budget of the municipality for the financial year King Sabata Dalindyebo.

1. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes for consultation the draft budget.
 - 1.1. The annual budget of the municipality for the financial year 2015/2016 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in [Table 8 on page 16](#);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in [Table 9 on page 17](#);
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in [Table 10 on page 18](#); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in [Table 11 on page 19](#).
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, and asset management are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in [Table 12 on page 20](#);
 - 1.2.2. Budgeted Cash Flows as contained in [Table 13 on page 21](#);
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in [Table 15 on page 23](#);
 - 1.2.4. Asset management as contained in [Table 16 on page 24](#); and
2. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015:
 - 2.1. the tariffs for property rates – as set out in [Table 3 on page 8](#)
 - 2.2. the tariffs for electricity as set out in [Table 4 on page 9](#)
 - 2.3. refuse removal tariffs as set out in [Table 5 on page 11](#)
3. The Council of King Sabata Dalindyebo Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect

from 1 July 2015 the tariffs for other services, as set out in Annexures G1 to G21 respectively.

4. To give proper effect to the municipality's annual budget, the Council of King Sabata Dalindyebo Local Municipality approves:

- 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 75 were used to guide the compilation of the 2015/16 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarized as follows:

- The ongoing difficulties in the municipal cash-flows
- Aging roads and electricity infrastructure;
- The need to re-priorities projects and expenditure within the existing resource envelope given the cash flow realities.
- The increased cost of bulk electricity due to tariff increases from Eskom, which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff as well as the need to fill critical vacancies and the placement of staff. ;

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 MTREF

Vote Description	R	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote										
Total Revenue - Standard		746 205	896 797	901 072	965 298	980 633	980 633	1 083 292	981 576	1 024 386
Total Expenditure		713 823	938 306	916 278	965 245	965 245	965 245	1 062 871	1 148 429	1 234 260
Surplus		32 382	(41 509)	(15 206)	52	15 388	15 388	20 421	(166 852)	(209 874)
Internally generated funds		4 746	15 329	44 335	27 842	15 384	15 384	20 421	29 770	31 347
Borrowing		12 912	15 392							
Transfers recognised - capital		152 668	268 101	279 393	121 827	243 864	243 864	296 099	160 706	107 541
Total Capex		170 326	298 822	323 728	149 668	259 248	259 248	316 521	190 476	138 888

Total operating budget has grown by 9 % for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. 9aa

The capital budget of R316.5 million for 2015/16 and has increased by 27% from 2014/15 Adjustment Budget.

1.4 Operating Revenue Framework

For King Sabata Dalindyebo to continue improving the quality of services provided to its citizens it needs to generate the required revenue. This is vital as there is a high rate of employment in the area and high levels of indigence. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The municipality is faced with development backlogs and poverty.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 % annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Attempts to achieve a full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing the revenue requirement of each service;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	128 537	131 782	153 931	189 717	153 425	153 425	153 425	169 605	172 388	182 732
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	195 363	231 009	237 528	255 081	255 341	255 341	255 341	291 449	308 936	327 473
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	17 818	27 597	22 297	25 011	27 652	27 652	27 652	29 315	31 074	32 938
Service charges - other			12 841	8 076	8 020	12 960	12 960	12 960	10 011	10 611	11 248
Rental of facilities and equipment		12 505	13 629	16 256	17 343	19 422	19 422	19 422	20 588	21 823	23 132
Interest earned - external investments		9 483	9 553	7 336	7 776	7 776	7 776	7 776	8 243	8 737	9 282
Interest earned - outstanding debtors		27 209	20 826	23 655	25 074	26 790	26 790	26 790	28 397	30 101	31 907
Dividends received		12	4	-	-	-	-	-	-	-	-
Fines		1 607	2 063	3 601	3 954	2 454	2 454	2 454	2 601	2 757	2 923
Licences and permits		11 011	11 438	15 621	17 714	21 575	21 575	21 575	22 869	24 241	25 693
Agency services				-							
Transfers recognised - operational		248 348	173 121	212 639	226 387	233 050	233 050	233 050	267 014	264 555	263 551
Other revenue	2	25 274	167 574	42 018	38 373	38 373	38 373	38 373	5 482	4 680	5 987
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		677 165	801 437	742 958	814 451	798 818	798 818	798 818	855 574	879 904	916 845

- Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues are budgeted for R493 million comprise approximately 58% total revenue mix (Excluding Capital Grant income as reflected in operating expenditure table).
- Operating grants and transfers totals R267.2 million in the 2015/16 financial year.

Revising rates, tariffs and other charges

- It must also be noted that the consumer price index, as measured by CPI is 6% as indicated in the medium term budget policy statement (MTBPS) revenue items will be increased by the same percentage except for refuse removal charges.
- National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.3 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.
- Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows:

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The property rates tariff will be increased by 6. % until the issues of the implementation of the new general valuation has been resolved, in which case a new tariff structure will be developed that will cater for the new values that will result in reduced tariffs to cushion the effects of the higher property values.

The implementation of the new valuation will necessitate the following changes in the municipal rates policy and bylaw to take into account the increase in values:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R45 000 (increase from 25 000 from the previous valuation) reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy. In this regard the following stipulations are relevant:
 - For physically and mentally disabled persons
 - Owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year.

The following conditions should be met:-

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;

- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

Table 3 Comparison of proposed property rates to be levied for the 2015/16 financial year

ESTIMATES OF INCOME AND EXPENDITURE- TARIFFS				
AS FROM 01 JULY 2015				
	2013/2014		2014/2015	
PROPERTY PRATES AND LEVIES				
Proposed increment 2014/15 at 6%				
General Rate				
Domestic (cents in a Rand)	1,02	Cents in a Rand	1,08	Cents in a Rand
Business/ Commercial (cents in a Rand)	2,04	Cents in a Rand	2,16	Cents in a Rand
Government/ Parastatals (State Owned) (cents in a Rand)	2,80	Cents in a Rand	2,97	Cents in a Rand
Agricultural (cents in a Rand)	1,02	Cents in a Rand	1,08	Cents in a Rand
PSI (cents in a Rand)	2,04	Cents in a Rand	2,16	Cents in a Rand
Parking Development Rate (cents in a Rand)	0,16	Cents in a Rand	0,17	Cents in a Rand
Fire Levy				
Domestic - Per annum	276,77		293,37	
Business/ Commercial Per Annum	498,19		528,08	

The recommended increase in property rates is set at 6 % in line with the NT guidelines.

1.4.2 Sale of Electricity and Impact of Tariff Increases

- NERSA has announced the revised bulk electricity pricing structure. NERSA has approved an increase of Eskom tariffs of 12.20 % and 14.24% for bulk purchases. It is also worth noting that municipality should increase the basic charge by 2 cents kWh as announced by the Minister of Finance. The municipality can however not apply this increase on the prepaid consumers this can only be applied on the conventional debtors. Attempts should be made to recover this amount from the consumers.

The following table shows the impact of the proposed increases in electricity tariffs:

Table 4 Comparison between current electricity charges and increases.

NERSA TARIFF APPLICATION 2015/2016

	ELECTRICITY		2014/2015		2015/2016	
	TARIFFS					
1	ELECTRICITY TARIFFS					
	DOMESTIC PREPAYMENT					
1	(TARRIF 1)					
		BLOCK 1	74	c/kw	83,028	c/kw
		BLOCK 2	90,73	c/kw	101,7991	c/kw
		BLOCK 3	124,09	c/kw	139,229	c/kw
		BLOCK 4	137,71	c/kw	154,5106	c/kw
1,1	DOMESTIC PREPAYMET	BLOCK 1	73,85	c/kw	82,8597	c/kw
	(TARIFF 2)	BLOCK 2	90,73	c/kw	101,7991	c/kw
	INDIGENT	BLOCK 3	124,09	c/kw	139,229	c/kw
		BLOCK 4	137,99	c/kw	154,8248	c/kw
2	COMMERCIAL CONVENTIONAL					
2,1	Basic charge/month		298,04		334,4009	
2,2	ENERGY CHARGE		135,68	C/KWh	152,233	C/KWh
3	COMMERCIAL PREPAYMENT		145,68		163,453	
	Energy charge/kwh				0	
	Small (tariff 3)		155,71	C/KWh	174,7066	C/KWh
	Big (tariff 4)		155,71	C/KWh	174,7066	C/KWh
	INDUSTRIAL LOW					
4	≤ 100KVA					
			R			
4,1	Basic charge/month		902,323	/per month	1012,406	/per month
	Energy charge/kwh		53,695	C/KWh	60,24579	C/KWh
	Demand charge/kva		218,9575	/kva	245,6703	/kva
	INDUSTRIAL HIGH					
	>100KVA					
	Basic charge per month		846,9098		950,2328	
	Energy charge		46,45691	C/KWh	52,12465	C/KWh
	Demand charge (kva)		205,5552	/KVA	230,6329	/KVA

	A minimum of 70% will be charged on all NMD readings per month					
5	CHARGES FOR SERVICES RENDERED					
5,1	Call out during working hours		321,2436		360,4353	
5,2	Call out after working hours		461,4286		517,7229	
5,3	Disconnect at request of consumer		315,1168		353,561	
5,4	Disconnect for improper use of service or illegal connection		574,0536		644,0881	
5,5	Disconnection for nonpayment of account		470,3856		527,7726	

1.4.3 Solid Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is recommended that the municipality work towards recouping the costs associated with the rendering of this service and as such tariffs should be cost driven. It is widely accepted that the rendering of this service should at least break even, which is currently not the case.

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are hiring costs, increases in general expenditure and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 8 per cent increase in the waste removal tariff is proposed from 1 July 2015. Higher increases will not be viable in 2015/16 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 5 Comparison between current waste removal fees and increases

ESTIMATES OF INCOME AND EXPENDITURE- TARIFFS AS FROM 01 JULY 2015				
		2013/2014	2014/2015	2015/2016
3,0	SOLID WASTE : Proposed increment 7%			
	Refuse Removal : Full Level of Service			
	Annual Charges			
3.1.1	Domestic (2 bags or bins once per week)	1823,13	1950,75	2067,79
3.1.2	week)	3667,08	3923,78	4159,21
3.1.3	Per additional bag or bin	1823,13	1950,75	2067,79
3.1.4	Per additional service removal per week	3667,08	3923,78	4159,21
3.1.5	240 L Bin rental per annum	new	new	
	Emptying charge of 240L bin per annum			
4,2	Refuse Removal : Full Level of Service			
	Monthly Charges			
4.2.1	Domestic (2 bags or bins once per week)	153,80	164,57	174,44
4.2.2	week)	3,79	4,05	4,30
4.2.3	Per additional bag or bin	153,80	164,57	174,44
4.2.4	Per additional service removal per week	309,32	330,97	350,83
4.2.5	240L Bin rental per month			12,00
4.2.6	240L Bin Clearance / per bin			25,00
4.2.7	Emptying charge of 240L bin : Household per month			99,78
4,3	Refuse Removal : Basic Level of Service			
	Annual Charges			
4.3.1	Domestic	1041,78	1114,71	1181,59
4.3.2	Business/Industry	2437,77	2608,41	2764,92
4.3.3	Government Institutions	2437,77	2608,41	2764,92
4.3.4	Coffee Bay & Hole-in-the-Wall			
4,4	Refuse Removal : Basic Level of Service			
	Monthly Charges			
4.4.1	Domestic	87,98	94,13	99,78
4.4.2	Business/Industry	205,24	219,60	232,78
4.4.3	Government Institutions	205,24	219,60	232,78
4,5	Sales			
4.5.1	240L Refuse bins (each)			R580
4.5.2	Plastic Refuse Bags (per pack)			
4,6	Skips			
4.6.1	Rental per skip per month	687,48	735,60	779,73
4.6.2	Rental per skip per year	8154,45	8725,26	9248,78
4.6.3	Charge per clearance of skip	483,86	517,74	548,80
		0,00	0,00	0,00
4,7	Excess Refuse			
4.7.1	Garden Refuse (per 2.5lt load)	0,00	0,00	0,00
4.7.2	Removal of scrap vehicles (per vehicle load)	289,91	310,20	328,81
4.7.3	Hire of skip container per day : Garden Refuse / Excess	405,92	434,33	460,39
		220,38	235,80	249,95
4,8	Penalty for Illegal Dumping : Proposed increment at 7%			
4.8.1	Garden and/ or domestic refuse	321,21	343,70	364,32
4,9	Trolley Bins			
4.9.1	Rental (per bin per month)	321,21	343,70	364,32
4.9.2	Charge per clearance	321,21	343,70	364,32
4,1	Disposal Charges to Mthatha & Mqanduli Landfill Site: Weigh Bridge			
4.10.1	Domestic & Trade Waste per tonne	new	new	50
4.10.2	Rubble or concrete per tonne			25
4.10.3	Material suitable to be used for cover	new	new	free
4,11	Disposal Charges to Mthatha & Mqanduli Site: Not Weighed			
4.11.1	Small vehicle up to 1 tonne load capacity	new	new	45
4.11.2	3 - 4 tonne vehicle	new	new	180
4.11.3	5 - 8 tonne vehicle	new	new	250
4,12	Garden Waste			
4.12.1	Clean Greens per tonne			20
4.12.2	Any other green material including tree trunks per tonne			33
4,13	Permits			
4.13.1	Domestic Solid Waste Handling Permit per vehicle per annum	new	new	500

1.4.4 Other direct income

The tariff increase on direct income is budgeted for at 6 % in line with the recommendations per circulars

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA. Operational gains and efficiencies will be directed to funding the capital budget and other core services; and strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

EC157 King Sabata Dalindyebo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Expenditure By Type											
Employee related costs	2	226 442	244 016	257 206	315 478	327 017	327 017	327 017	341 910	361 513	381 577
Remuneration of councillors		17 420	19 036	22 000	21 536	21 536	21 536	21 536	22 483	23 776	25 096
Debt impairment	3	22 132	25 677	68 162	30 000	30 000	30 000	30 000	30 050	31 703	33 383
Depreciation & asset impairment	2	179 044	97 077	112 742	102 800	162 784	162 784	162 784	205 000	216 275	227 738
Finance charges					5 400	5 400	5 400	5 400	5 400	5 697	5 999
Bulk purchases	2	144 976	162 454	181 850	196 507	196 507	196 507	196 507	224 490	256 457	292 977
Other materials	8										
Contracted services		17 236	17 142	13 936	13 885	8 047	8 047	8 047	6 900	7 280	7 665
Transfers and grants		-	-	-	-	20 000	20 000	20 000	24 000	25 320	26 662
Other expenditure	4, 5	135 101	148 422	282 411	230 671	193 954	193 954	193 954	202 639	220 408	233 164
Loss on disposal of PPE											
Total Expenditure		742 351	713 823	938 306	916 278	965 245	965 245	965 245	1 062 871	1 148 429	1 234 260
Surplus/(Deficit)		(65 186)	87 614	(195 348)	(101 827)	(166 427)	(166 427)	(166 427)	(207 297)	(268 524)	(317 416)
Transfers recognised - capital		72 605	101 287	196 935	121 827	181 811	181 811	181 811	227 718	216 275	164 035
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)
Taxation											
Surplus/(Deficit) after taxation		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)

1.5.1. Employee related costs.

The budgeted allocation for employee related costs for the 2015/16 financial year totals R341,8 million after an increase of 4.4 %. The budget is 32% of the total operating revenue budget excluding capital grant income. This has however been distorted by the huge increase in budget for depreciation of R205 million

1.5.2. Remuneration of councilors

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The budget for this expenditure is set at R22.5 million after affecting an increment of 2.1 %. This represents 4% of the total operating revenue budget excluding capital operating grant income.

Employee related costs including remuneration of councilors is 34% of the total operating budget

1.5.3. Debt impairment

The provision of debt impairment was determined based on an annual historical costs and changes in accounting statements. The assumption is that the implementation of the debt collection strategy might yield good results. The budget for the debt impairment is R30 million.

1.5.4. Depreciation and impairment of assets.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. The budget for the 2015/16 financial is set at R205 million after considerations of the impairment and depreciation costs.

1.5.5. Finance Charges

Interest on external loans is budgeted for at R5 million after taking into account loans outstanding at the period of the adjustment budget for the 2014/15 financial year.

1.5.6. Electricity bulk purchases

Bulk purchases are directly informed by the purchase of electricity from Eskom which has been confirmed by NERSA to be 14.24 %. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The budget for the 2015/16 is R224.5 million.

1.5.7. Contracted Services

Contracted services excluding the collection of revenue is budgeted at R6.9 million.

1.5.8. Other general expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. Growth has been limited to 6 per cent for 2015/16. This is done to cut none core expenditure and to focus on service delivery and other core functions of the municipality. The budget id set at R200 million for general expenditure. Included in the other expenditure are the following line items

- **Repairs and Maintenance**

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and budget for this line item is set at R28.5 million.

General expenses other

- General expenditure is budgeted for at R174 million

1.5.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The budget for the current year is R24 million to cater for free basic electricity, alternative energy and subsidy for rates and other services.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 7 2015/16 Medium-term capital budget per vote

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands	Audited Outcome	Audited Outcome	Audited Outcome							
Funded by:										
National Government	134 921	140 708	211 990	91 367	134 559	134 559	134 559	114 482	100 706	107 541
Provincial Government	17 747	127 393	58 671	30 459	109 305	109 305	109 305	181 618	60 000	
District Municipality			—							
Other transfers and grants			8 732							
Transfers recognised - capital	4	152 668	268 101	279 393	121 827	243 864	243 864	296 099	160 706	107 541
Public contributions & donations	5									
Borrowing	6	12 912	15 392							
Internally generated funds		4 746	15 329	44 335	27 842	15 384	15 384	20 421	29 770	31 347
Total Capital Funding	7	170 326	298 822	323 728	149 668	259 248	259 248	316 521	190 476	138 888

For 2015/16 an amount of R296 million (funded by grants) and R20.4 (funded by own income) has been appropriated for the development of infrastructure and this is funded by:

Table 8 MBRR Table A2- Budgeted Financial Performance (Revenue and expenditure by Standard Classification.

EC157 King Sabata Dalindyebo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		358 496	514 428	394 917	510 668	449 585	449 585	479 412	488 441	500 088
Executive and council		3 175	2 193	37 421	1 585	2 659	2 659	2 521	2 643	2 820
Budget and treasury office		354 683	377 931	357 496	507 172	445 898	445 898	476 389	485 266	496 703
Corporate services		638	134 304	-	1 911	1 028	1 028	502	532	564
<i>Community and public safety</i>		13 907	9 507	85 479	37 479	46 302	46 302	78 908	16 688	17 689
Community and social services		712	666	7 430	3 106	7 205	7 205	11 101	1 770	1 876
Sport and recreation		19	19	627	665	1 098	1 098	-	-	-
Public safety		5 671	7 244	11 952	13 323	16 746	16 746	14 579	12 983	13 762
Housing		1 578	1 578	65 470	20 386	21 253	21 253	52 344	1 935	2 051
Health		5 927	-	-	-	-	-	884	-	-
<i>Economic and environmental services</i>		138 257	137 318	90 351	115 593	120 303	120 303	111 399	115 460	123 043
Planning and development		31 577	30 637	3 544	13 940	14 417	14 417	1 425	1 511	1 601
Road transport		106 681	106 681	86 807	101 653	105 886	105 886	109 974	113 950	121 442
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		235 544	235 544	330 325	301 558	364 443	364 443	413 573	360 987	383 567
Electricity		216 926	216 926	308 302	275 503	335 747	335 747	383 156	328 745	349 390
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		18 618	18 618	22 023	26 055	28 696	28 696	30 417	32 242	34 177
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	746 205	896 797	901 072	965 298	980 633	980 633	1 083 292	981 576	1 024 386
Expenditure - Standard										
<i>Governance and administration</i>		364 243	333 214	450 061	428 910	477 302	477 302	528 715	516 869	544 812
Executive and council		47 260	47 260	80 909	84 558	81 222	81 222	84 110	65 098	68 685
Budget and treasury office		285 533	254 505	314 103	285 045	342 877	342 877	381 233	383 965	404 657
Corporate services		31 449	31 449	55 049	59 307	53 203	53 203	63 372	67 806	71 470
<i>Community and public safety</i>		128 696	128 696	120 694	124 449	127 680	127 680	114 585	119 368	125 957
Community and social services		12 868	12 868	23 742	19 369	18 005	18 005	16 515	15 926	16 796
Sport and recreation		7 178	7 178	16 051	12 415	10 808	10 808	6 782	6 504	6 865
Public safety		71 340	71 340	72 555	83 721	90 072	90 072	83 212	88 722	93 627
Housing		19 497	19 497	8 345	8 944	8 795	8 795	8 076	8 216	8 669
Health		17 814	17 814	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		53 973	54 617	84 910	100 231	99 481	99 481	105 514	115 224	122 335
Planning and development		18 427	18 427	20 263	23 294	23 664	23 664	25 804	27 075	28 565
Road transport		35 546	36 190	64 647	76 937	71 488	71 488	74 211	82 925	88 257
Environmental protection		-	-	-	-	4 329	4 329	5 499	5 224	5 513
<i>Trading services</i>		49 979	227 689	261 832	277 185	276 170	276 170	334 477	341 489	382 678
Electricity		-	177 710	208 226	221 584	225 477	225 477	282 419	286 464	324 625
Water		-	-	-	-	-	-	-	-	-
Waste water management		1 455	1 455	3 693	4 330	3 592	3 592	3 619	3 826	4 038
Waste management		48 524	48 524	49 913	51 271	47 101	47 101	48 439	51 199	54 014
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	596 892	744 217	917 497	930 774	980 633	980 633	1 083 291	1 092 950	1 175 782
Surplus/(Deficit) for the year		149 313	152 580	(16 426)	34 524	(0)	(0)	0	(111 374)	(151 395)

Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC157 King Sabata Dalindyebo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		3 175	2 256	37 421	1 585	2 659	2 659	2 521	2 643	2 811
Vote 2 - FINANCE & ASSET MANAGEMENT		354 683	377 931	357 496	507 172	445 898	445 898	476 389	484 183	495 556
Vote 3 - CORPORATE SERVICES		1 173	134 765	2 480	1 127	1 487	1 487	502	530	562
Vote 4 - COMMUNITY SERVICES		18 647	35 220	27 554	26 852	32 494	32 494	31 336	32 127	34 055
Vote 5 - PUBLIC SAFETY		16 473	20 212	28 321	30 818	37 241	37 241	36 304	36 012	38 172
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		30 458	7 290	3 424	14 995	16 474	16 474	10 858	3 219	3 395
Vote 7 - HUMAN SETTLEMENT		2 721	50 421	69 758	21 909	23 243	23 243	53 977	56 954	60 362
Vote 8 - INFRASTRUCTURE		312 947	282 771	382 338	359 661	421 138	421 138	471 405	422 673	445 043
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	740 277	910 865	908 792	964 120	980 634	980 634	1 083 292	1 038 341	1 079 956
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		47 259	72 790	117 337	84 540	81 209	81 209	84 110	88 852	93 719
Vote 2 - FINANCE & ASSET MANAGEMENT		290 784	225 652	323 492	301 007	357 399	357 399	433 615	407 534	429 484
Vote 3 - CORPORATE SERVICES		28 136	28 569	42 854	46 737	42 009	42 009	41 877	44 237	46 642
Vote 4 - COMMUNITY SERVICES		76 564	55 966	68 317	67 802	66 711	66 711	62 384	65 008	68 586
Vote 5 - PUBLIC SAFETY		74 415	71 703	77 877	92 920	95 811	95 811	95 172	100 628	106 196
Vote 6 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT		19 871	25 165	25 627	27 333	26 042	26 042	24 542	25 842	27 254
Vote 7 - HUMAN SETTLEMENT		13 263	13 846	24 022	26 617	25 225	25 225	25 650	27 120	28 620
Vote 8 - INFRASTRUCTURE		227 364	235 970	283 738	289 321	286 225	286 225	315 941	357 483	400 314
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	777 656	729 662	963 264	936 277	980 631	980 631	1 083 292	1 116 703	1 200 815
Surplus/(Deficit) for the year	2	(37 378)	181 202	(54 472)	27 843	3	3	0	(78 362)	(120 859)

Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC157 King Sabata Dalindyebo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	128 537	131 782	153 931	189 717	153 425	153 425	153 425	169 605	172 388	182 732
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	195 363	231 009	237 528	255 081	255 341	255 341	255 341	291 449	308 936	327 473
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	17 818	27 597	22 297	25 011	27 652	27 652	27 652	29 315	31 074	32 938
Service charges - other			12 841	8 076	8 020	12 960	12 960	12 960	10 011	10 611	11 248
Rental of facilities and equipment		12 505	13 629	16 256	17 343	19 422	19 422	19 422	20 588	21 823	23 132
Interest earned - external investments		9 483	9 553	7 336	7 776	7 776	7 776	7 776	8 243	8 737	9 262
Interest earned - outstanding debtors		27 209	20 826	23 655	25 074	26 790	26 790	26 790	28 397	30 101	31 907
Dividends received		12	4	-	-	-	-	-	-	-	-
Fines		1 607	2 063	3 601	3 954	2 454	2 454	2 454	2 601	2 757	2 923
Licences and permits		11 011	11 438	15 621	17 714	21 575	21 575	21 575	22 869	24 241	25 693
Agency services				-							
Transfers recognised - operational		248 348	173 121	212 639	226 387	233 050	233 050	233 050	267 014	264 555	263 551
Other revenue	2	25 274	167 574	42 018	38 373	38 373	38 373	38 373	5 482	4 680	5 987
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		677 165	801 437	742 958	814 451	798 818	798 818	798 818	855 574	879 904	916 845
Expenditure By Type											
Employee related costs	2	226 442	244 016	257 206	315 478	327 017	327 017	327 017	341 910	361 513	381 577
Remuneration of councillors		17 420	19 036	22 000	21 536	21 536	21 536	21 536	22 483	23 776	25 096
Debt impairment	3	22 132	25 677	68 162	30 000	30 000	30 000	30 000	30 050	31 703	33 383
Depreciation & asset impairment	2	179 044	97 077	112 742	102 800	162 784	162 784	162 784	205 000	216 275	227 738
Finance charges					5 400	5 400	5 400	5 400	5 400	5 697	5 999
Bulk purchases	2	144 976	162 454	181 850	196 507	196 507	196 507	196 507	224 490	256 457	292 977
Other materials	8										
Contracted services		17 236	17 142	13 936	13 885	8 047	8 047	8 047	6 900	7 280	7 665
Transfers and grants		-	-	-	-	20 000	20 000	20 000	24 000	25 320	26 662
Other expenditure	4, 5	135 101	148 422	282 411	230 671	193 954	193 954	193 954	202 639	220 408	233 164
Loss on disposal of PPE											
Total Expenditure		742 351	713 823	938 306	916 278	965 245	965 245	965 245	1 062 871	1 148 429	1 234 260
Surplus/(Deficit)		(65 186)	87 614	(195 348)	(101 827)	(166 427)	(166 427)	(166 427)	(207 297)	(268 524)	(317 416)
Transfers recognised - capital		72 605	101 237	196 935	121 827	181 811	181 811	181 811	227 718	216 275	164 035
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)
Taxation											
Surplus/(Deficit) after taxation		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		7 418	188 901	1 587	20 000	15 384	15 384	15 384	20 421	(52 249)	(153 380)

Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC157 King Sabata Dalindyebo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard											
Governance and administration		963	6 610	7 750	6 730	3 777	3 777	3 777	8 158	8 607	9 063
Executive and council		104	2 292	1 325	622	29	29	29	-	-	-
Budget and treasury office		479	3 950	2 835	1 574	3 748	3 748	3 748	8 158	8 607	9 063
Corporate services		379	368	3 590	4 535						
Community and public safety		54 068	126 935	53 231	24 615	100 771	100 771	100 771	89 394	306	323
Community and social services		217	221	189	961	849	849	849	50	53	56
Sport and recreation		5 760	3 800	1 306	1 170	312	312	312	18	19	20
Public safety		2 888	10 843	3 023	2 944	2 531	2 531	2 531	426	235	247
Housing		44 507	112 001	48 713	19 541	97 079	97 079	97 079	88 900		
Health		696	70	-	-						
Economic and environmental services		57 218	73 484	121 083	97 791	94 990	94 990	94 990	95 969	98 288	103 948
Planning and development		10 021	9 547	10 151	3 316	3 800	3 800	3 800			
Road transport		47 190	63 708	110 636	94 385	91 101	91 101	91 101	95 969	98 288	103 948
Environmental protection		8	229	297	89	89	89	89			
Trading services		58 078	76 400	132 933	20 532	59 711	59 711	59 711	123 000	83 275	25 555
Electricity		57 694	74 283	130 513	16 769	59 397	59 397	59 397	121 000	79 055	21 111
Water				-	-						
Waste water management			630	505	505						
Waste management		384	1 487	1 914	3 258	314	314	314	2 000	4 220	4 444
Other			15 392	8 732	-						
Total Capital Expenditure - Standard	3	170 326	298 822	323 728	149 668	259 248	259 248	259 248	316 521	190 476	138 888
Funded by:											
National Government		134 921	140 708	211 990	91 367	134 559	134 559	134 559	114 482	100 706	107 541
Provincial Government		17 747	127 393	58 671	30 459	109 305	109 305	109 305	181 618	60 000	
District Municipality				-							
Other transfers and grants				8 732							
Transfers recognised - capital	4	152 668	268 101	279 393	121 827	243 864	243 864	243 864	296 099	160 706	107 541
Public contributions & donations	5										
Borrowing	6	12 912	15 392								
Internally generated funds		4 746	15 329	44 335	27 842	15 384	15 384	15 384	20 421	29 770	31 347
Total Capital Funding	7	170 326	298 822	323 728	149 668	259 248	259 248	259 248	316 521	190 476	138 888

Table 12 MBRR Table A6 - Budgeted Financial Position

EC157 King Sabata Dalindyebo - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
Current assets											
Cash		39 129	21 293	5 011	47 980	47 980	47 980	47 980	47 980	47 980	47 980
Call investment deposits	1	180 185	216 895	122 649	195 459	195 459	195 459	195 459	-	-	-
Consumer debtors	1	68 043	94 013	63 300	68 317	68 317	68 317	68 317	51 091	32 853	13 609
Other debtors		18 224	14 807	340	27 118	27 118	27 118	27 118	25 762	25 762	25 762
Current portion of long-term receivables			-	-							
Inventory	2	2 880	3 099	9 529	2 880	2 880	2 880	2 880	2 880	2 880	2 880
Total current assets		308 462	350 107	200 829	341 754	341 754	341 754	341 754	127 713	109 475	90 231
Non current assets											
Long-term receivables		156	-	-	157	157	157	157	157	157	157
Investments			-	-							
Investment property		103 189	124 507	189 420	103 189	103 189	103 189	103 189	189 420	189 420	189 420
Investment in Associate											
Property, plant and equipment	3	1 485 310	1 524 874	2 269 216	1 570 349	1 570 349	1 570 349	1 570 349	1 822 691	1 837 506	1 853 858
Agricultural											
Biological											
Intangible		243	185	440	640	640	640	640	640	640	640
Other non-current assets				4 697							
Total non current assets		1 588 898	1 649 587	2 463 773	1 674 335	1 674 335	1 674 335	1 674 335	2 012 907	2 027 722	2 044 075
TOTAL ASSETS		1 897 360	1 999 674	2 664 602	2 016 089	2 016 089	2 016 089	2 016 089	2 140 620	2 137 198	2 134 306
LIABILITIES											
Current liabilities											
Bank overdraft	1			-							
Borrowing	4	6 928	9 107	47 767	15 650	15 650	15 650	15 650	9 845	10 518	6 155
Consumer deposits		1 600	3 047	11 343	1 600	1 600	1 600	1 600	11 343	11 343	11 343
Trade and other payables	4	181 950	519 472	333 727	155 405	155 405	155 405	155 405	128 448	134 870	141 614
Provisions				-							
Total current liabilities		190 478	531 625	392 837	172 655	172 655	172 655	172 655	149 636	156 731	159 112
Non current liabilities											
Borrowing		58 073	59 169	144 464	44 478	44 478	44 478	44 478	192 028	181 509	175 354
Provisions		26 271	23 293	42 346	48 028	48 028	48 028	48 028	48 028	48 028	48 028
Total non current liabilities		84 344	82 462	186 809	92 505	92 505	92 505	92 505	240 055	229 537	223 382
TOTAL LIABILITIES		274 822	614 087	579 646	265 160	265 160	265 160	265 160	389 691	386 268	382 494
NET ASSETS	5	1 622 538	1 385 586	2 084 956	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 751 812
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1 492 054	1 253 365	1 697 513	1 618 958	1 618 958	1 618 958	1 618 958	1 618 958	1 618 958	1 618 958
Reserves	4	130 483	132 221	387 443	131 971	131 971	131 971	131 971	131 971	131 971	132 854
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	1 622 538	1 385 586	2 084 956	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 751 812

Table 13 MBRR Table A7 - Budget cash flow statement

EC157 King Sabata Dalindyebo - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		294 476	436 270	277 860	481 982	445 689	445 689	445 689	239 067	358 600	502 041
Service charges		147 883	167 213	181 578	198 883	200 106	200 106	200 106	414 584	501 083	549 608
Other revenue									56 880	84 915	121 039
Government - operating	1	62 576	88 139	208 040	169 428	291 466	291 466	291 466	267 014	264 555	263 551
Government - capital	1	29 116	36 691	151 839	32 436	32 436	32 436	32 436	316 516	160 706	107 541
Interest			12	5 239					38 060	38 838	53 519
Dividends									-	-	-
Payments											
Suppliers and employees		(440 332)	(569 147)	(612 286)	(709 574)	(730 339)	(730 339)	(730 339)	(826 979)	(886 074)	(959 076)
Finance charges		(8 639)	(9 107)	(12 710)	(5 242)	(5 242)	(5 242)	(5 242)	(5 400)	(5 697)	(5 999)
Transfers and Grants	1			-	(20 000)	(20 000)	(20 000)	(20 000)	(24 000)	(25 320)	(26 662)
NET CASH FROM(USED) OPERATING ACTIVITIES		85 085	150 072	199 560	147 914	214 116	214 116	214 116	475 741	491 607	605 562
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	505						-	-	-
Decrease (Increase) in non-current debtors		4							-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments			193 259						-	-	-
Payments											
Capital assets		(73 170)	(127 044)	(205 329)	(232 561)	(259 248)	(259 248)	(259 248)	(316 521)	(190 746)	(138 888)
NET CASH FROM(USED) INVESTING ACTIVITIES		(73 166)	66 720	(205 329)	(232 561)	(259 248)	(259 248)	(259 248)	(316 521)	(190 746)	(138 888)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		(82)							-	-	-
Borrowing long term/refinancing		346							-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		1 467	7 672	(104 685)	(5 484)	(5 484)	(5 484)	(5 484)	(6 508)	(9 845)	(10 518)
NET CASH FROM(USED) FINANCING ACTIVITIES		1 731	7 672	(104 685)	(5 484)	(5 484)	(5 484)	(5 484)	(6 508)	(9 845)	(10 518)
NET INCREASE/(DECREASE) IN CASH HELD		13 650	224 464	(110 454)	(90 131)	(50 616)	(50 616)	(50 616)	152 712	291 016	456 155
Cash/cash equivalents at the year begin:	2		13 650	238 114	127 660	127 660	127 660	127 660	77 044	229 756	520 771
Cash/cash equivalents at the year end:	2	13 650	238 114	127 660	37 528	77 044	77 044	77 044	229 756	520 771	976 927

Table 14 MBRR Table A1 – Budget Summary

EC157 King Sabata Dalindyebo - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Financial Performance										
Property rates	128 537	131 782	151 866	189 717	153 425	153 425	153 425	169 605	172 338	182 732
Service charges	213 180	271 447	254 099	288 112	295 953	295 953	295 953	330 775	350 621	371 658
Investment revenue	9 483	9 553	5 239	7 776	7 776	7 776	7 776	8 243	8 737	9 262
Transfers recognised - operational	248 348	173 121	208 691	226 387	233 050	233 050	233 050	267 014	264 555	263 551
Other own revenue	77 618	215 534	167 937	102 459	108 614	108 614	108 614	79 937	83 603	89 642
Total Revenue (excluding capital transfers and contributions)	677 165	801 437	787 832	814 451	798 818	798 818	798 818	855 574	879 904	916 845
Employee costs	226 442	244 016	259 517	315 478	327 017	327 017	327 017	341 910	361 513	381 577
Remuneration of councillors	17 420	19 036	21 463	21 536	21 536	21 536	21 536	22 483	23 776	25 096
Depreciation & asset impairment	179 044	97 077	336 211	102 800	162 784	162 784	162 784	205 000	216 275	227 738
Finance charges	-	-	19 936	5 400	5 400	5 400	5 400	5 400	5 697	5 999
Materials and bulk purchases	144 976	162 454	170 233	196 507	196 507	196 507	196 507	224 490	256 457	292 977
Transfers and grants	-	-	15 289	20 000	20 000	20 000	20 000	24 000	25 320	26 662
Other expenditure	174 469	191 240	235 488	246 715	232 001	232 001	232 001	239 588	259 390	274 212
Total Expenditure	742 351	713 823	1 058 136	908 437	965 245	965 245	965 245	1 062 871	1 148 429	1 234 260
Surplus/(Deficit)	(65 186)	87 614	(270 305)	(93 986)	(166 427)	(166 427)	(166 427)	(207 297)	(268 524)	(317 416)
Transfers recognised - capital	72 605	101 287	178 365	121 827	181 811	181 811	181 811	227 718	216 275	164 035
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	7 418	188 901	(91 940)	27 841	15 384	15 384	15 384	20 421	(52 249)	(153 390)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	7 418	188 901	(91 940)	27 841	15 384	15 384	15 384	20 421	(52 249)	(153 390)
Capital expenditure & funds sources										
Capital expenditure	170 326	298 822	323 728	149 668	259 248	259 248	259 248	316 521	190 476	138 888
Transfers recognised - capital	152 668	268 101	279 393	121 827	243 864	243 864	243 864	296 099	160 706	107 541
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	12 912	15 392	-	-	-	-	-	-	-	-
Internally generated funds	4 746	15 329	44 335	27 842	15 384	15 384	15 384	20 421	29 770	31 347
Total sources of capital funds	170 326	298 822	323 728	149 668	259 248	259 248	259 248	316 521	190 476	138 888
Financial position										
Total current assets	308 462	350 107	200 829	341 754	341 754	341 754	341 754	127 713	109 475	90 231
Total non current assets	1 588 898	1 649 567	2 463 773	1 674 335	1 674 335	1 674 335	1 674 335	2 012 907	2 027 722	2 044 075
Total current liabilities	190 478	531 625	392 837	172 655	172 655	172 655	172 655	149 636	156 731	159 112
Total non current liabilities	84 344	82 462	186 809	92 505	92 505	92 505	92 505	240 055	229 537	223 382
Community wealth/Equity	1 622 538	1 335 586	2 084 956	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 750 929	1 751 812
Cash flows										
Net cash from (used) operating	85 085	150 072	199 560	147 914	214 116	214 116	214 116	475 741	491 607	605 562
Net cash from (used) investing	(73 166)	66 720	(205 329)	(232 561)	(259 248)	(259 248)	(259 248)	(316 521)	(190 746)	(138 888)
Net cash from (used) financing	1 731	7 672	(104 685)	(5 484)	(5 484)	(5 484)	(5 484)	(6 508)	(9 845)	(10 518)
Cash/cash equivalents at the year end	13 650	238 114	127 660	37 528	77 044	77 044	77 044	229 756	520 771	976 927
Cash backing/surplus reconciliation										
Cash and investments available	219 314	238 188	127 660	243 439	243 439	243 439	243 439	47 980	47 980	47 980
Application of cash and investments	90 778	413 339	243 694	43 246	44 772	44 772	44 772	34 159	43 353	69 641
Balance - surplus (shortfall)	128 536	(175 150)	(116 035)	200 193	198 667	198 667	198 667	13 821	4 627	(21 661)
Asset management										
Asset register summary (WDV)	1 588 691	2 129 431	2 049 123	1 674 178	1 674 178	1 674 178	1 860 409	1 860 409	1 700 409	1 760 409
Depreciation & asset impairment	179 044	97 077	336 211	102 800	162 784	162 784	205 000	205 000	216 275	227 738
Renewal of Existing Assets	46 284	40 635	117 142	76 067	76 067	76 067	76 067	176 100	82 706	87 541
Repairs and Maintenance	31 692	-	35 216	27 702	-	-	28 556	28 556	39 960	42 078
Free services										
Cost of Free Basic Services provided	4 887	4 887	5 546	5 935	5 935	5 935	5 935	5 935	5 935	5 935
Revenue cost of free services provided	10 071	10 327	11 690	26 614	26 614	26 614	26 614	26 614	26 614	26 614
Households below minimum service level										
Water:	52	52	42	42	42	42	42	42	42	42
Sanitation/sewerage:	41	41	15	15	15	15	15	15	15	15
Energy:	30	30	81	81	81	81	81	81	81	81
Refuse:	68	68	76	76	76	76	76	76	76	76

Table 15 MBRR Table A8 – Cash Backed Reserves

EC157 King Sabata Dalindyebo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	13 650	238 114	127 660	37 528	77 044	77 044	77 044	229 756	520 771	976 927
Other current investments > 90 days		205 664	75	(0)	205 911	166 396	166 396	166 396	(181 776)	(472 791)	(928 947)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		219 314	238 188	127 660	243 439	243 439	243 439	243 439	47 980	47 980	47 980
Application of cash and investments											
Unspent conditional transfers		81 467	142 711	110 684	54 922	54 922	54 922	54 922	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	9 311	270 628	133 010	(11 676)	(10 150)	(10 150)	(10 150)	34 159	43 353	69 641
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		90 778	413 339	243 694	43 246	44 772	44 772	44 772	34 159	43 353	69 641
Surplus(shortfall)		128 536	(175 150)	(116 035)	200 193	198 667	198 667	198 667	13 821	4 627	(21 661)

References

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements

Debtors	91 172	106 133	50 949	112 159	110 633	110 633	110 633	94 289	91 517	71 973
Creditors due	100 483	376 761	183 959	100 483	100 483	100 483	100 483	128 448	134 870	141 614
Total	(9 311)	(270 628)	(133 010)	11 676	10 150	10 150	10 150	(34 159)	(43 353)	(69 641)

Debtors collection assumptions

Balance outstanding - debtors	86 424	108 820	63 641	95 591	95 591	95 591	95 591	77 009	58 771	39 527
Estimate of debtors collection rate	105,5%	97,5%	80,1%	117,3%	115,7%	115,7%	115,7%	122,4%	155,7%	182,1%

Table 16 MBRR Table A9 – Assets Management

EC157 King Sabata Dalindyebo - Table A9 Asset Management

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
CAPITAL EXPENDITURE											
Total New Assets											
Infrastructure - Road transport											
Infrastructure - Electricity											
Infrastructure - Water											
Infrastructure - Sanitation											
Infrastructure - Other											
Infrastructure											
Community											
Heritage assets											
Investment properties											
Other assets											
Agricultural Assets											
Biological assets											
Intangibles											
Total Renewal of Existing Assets											
Infrastructure - Road transport											
Infrastructure - Electricity											
Infrastructure - Water											
Infrastructure - Sanitation											
Infrastructure - Other											
Infrastructure											
Community											
Heritage assets											
Investment properties											
Other assets											
Agricultural Assets											
Biological assets											
Intangibles											
Total Capital Expenditure											
Infrastructure - Road transport											
Infrastructure - Electricity											
Infrastructure - Water											
Infrastructure - Sanitation											
Infrastructure - Other											
Infrastructure											
Community											
Heritage assets											
Investment properties											
Other assets											
Agricultural Assets											
Biological assets											
Intangibles											
TOTAL CAPITAL EXPENDITURE - Asset class											
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport											
Infrastructure - Electricity											
Infrastructure - Water											
Infrastructure - Sanitation											
Infrastructure - Other											
Infrastructure											
Community											
Heritage assets											
Investment properties											
Other assets											
Agricultural Assets											
Biological assets											
Intangibles											
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)											
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment											
Repairs and Maintenance by Asset Class											
Infrastructure - Road transport											
Infrastructure - Electricity											
Infrastructure - Water											
Infrastructure - Sanitation											
Infrastructure - Other											
Infrastructure											
Community											
Heritage assets											
Investment properties											
Other assets											
TOTAL EXPENDITURE OTHER ITEMS											
Renewal of Existing Assets as % of total capex											
Renewal of Existing Assets as % of deprecn*											
R&M as a % of PPE											
Renewal and R&M as a % of PPE											

Table 17 MBRR Table A10 – Ser Del

EC157 King Sabata Dalindyebo - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling		21 413	21 413	42 626	42 626	42 626	42 626	42 626	42 626	42 626
Piped water inside yard (but not in dwelling)		16 771	16 771	24 405	24 405	24 405	24 405	24 405	24 405	24 405
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		38 184	38 184	67 031	67 031	67 031	67 031	67 031	67 031	67 031
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply		51 512	51 512	42 434	42 434	42 434	42 434	42 434	42 434	42 434
<i>Below Minimum Service Level sub-total</i>		51 512	51 512	42 434	42 434	42 434	42 434	42 434	42 434	42 434
Total number of households	5	89 696	89 696	109 465	109 465	109 465	109 465	109 465	109 465	109 465
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)		22 174	22 174	37 356	37 356	37 356	37 356	37 356	37 356	37 356
Chemical toilet										
Pit toilet (ventilated)		26 191	26 191	53 138	53 138	53 138	53 138	53 138	53 138	53 138
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		48 365	48 365	90 494	90 494	90 494	90 494	90 494	90 494	90 494
Bucket toilet		1 458	1 458	496	496	496	496	496	496	496
Other toilet provisions (< min.service level)										
No toilet provisions		39 874	39 874	14 416	14 416	14 416	14 416	14 416	14 416	14 416
<i>Below Minimum Service Level sub-total</i>		41 332	41 332	14 912	14 912	14 912	14 912	14 912	14 912	14 912
Total number of households	5	89 697	89 697	105 406	105 406	105 406	105 406	105 406	105 406	105 406
Energy:										
Electricity (at least min.service level)		400	400	450	450	450	450	450	450	450
Electricity - prepaid (min.service level)		36 985	36 985	76 732	76 732	76 732	76 732	76 732	76 732	76 732
<i>Minimum Service Level and Above sub-total</i>		37 385	37 385	77 182	77 182	77 182	77 182	77 182	77 182	77 182
Electricity (< min.service level)		18 130	18 130	60 464	60 464	60 464	60 464	60 464	60 464	60 464
Electricity - prepaid (< min. service level)		12 230	12 230	20 888	20 888	20 888	20 888	20 888	20 888	20 888
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		30 360	30 360	81 352	81 352	81 352	81 352	81 352	81 352	81 352
Total number of households	5	67 745	67 745	158 534	158 534	158 534	158 534	158 534	158 534	158 534
Refuse:										
Removed at least once a week		21 498	21 498	27 562	27 562	27 562	27 562	27 562	27 562	27 562
<i>Minimum Service Level and Above sub-total</i>		21 498	21 498	27 562	27 562	27 562	27 562	27 562	27 562	27 562
Removed less frequently than once a week										
Using communal refuse dump		45 056	45 056	64 603	64 603	64 603	64 603	64 603	64 603	64 603
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal		23 143	23 143	11 494	11 494	11 494	11 494	11 494	11 494	11 494
<i>Below Minimum Service Level sub-total</i>		68 199	68 199	76 097	76 097	76 097	76 097	76 097	76 097	76 097
Total number of households	5	89 697	89 697	103 659	103 659	103 659	103 659	103 659	103 659	103 659
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		5 870	5 870	6 370	6 370	6 370	6 370	6 370	6 370	6 370
Refuse (removed at least once a week)		1 327	1 327	1 370	1 370	1 370	1 370	1 370	1 370	1 370
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		2 400	2 400	2 500	2 676	2 676	2 676	2 676	2 676	2 676
Refuse (removed once a week)		2 487	2 487	3 046	3 259	3 259	3 259	3 259	3 259	3 259
Total cost of FBS provided (minimum social package)		4 887	4 887	5 546	5 935	5 935	5 935	5 935	5 935	5 935
Highest level of free service provided										
Property rates (R value threshold)		40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000
Water (kilolitres per household per month)		-								
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		8	8	8	8	8	8	8	8	8
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		1 944	2 040	2 304	2 544	2 544	2 544	2 544	2 544	2 544
Property rates (other exemptions, reductions and rebates)		3 240	3 400	3 840	4 070	4 070	4 070	4 070	4 070	4 070
Water										
Sanitation										
Electricity/other energy		2 400	2 400	2 500	2 676	2 676	2 676	2 676	2 676	2 676
Refuse		2 487	2 487	3 046	3 259	3 259	3 259	3 259	3 259	3 259
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6				14 065	14 065	14 065	14 065	14 065	14 065
Total revenue cost of free services provided (total social package)		10 071	10 327	11 690	26 614	26 614	26 614	26 614	26 614	26 614

Part 2 – Supporting Documentation

1.7 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year .e. in August 2014 a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2014. Key dates applicable to the process were: